

# Network extension and initiatives for fuel poor customers – Supplementary evidence

## Fuel Switching Initiative – Individual connections

Our Fuel Switching Scheme is based on our existing individual connections process and by providing a customer rebate is designed to maximise benefits to priority group customers, increase acceptance levels and build a fund specifically to facilitate system extensions to fuel poor communities.

Customers receive details of the scheme along with their quotation information and are given the choice to opt into the scheme on acceptance. eaga provide essential support to SGN by confirming customer eligibility, managing the customer rebate and providing the necessary audit trails. Eligibility is based on the installation of a qualifying gas central heating system and therefore ensures that energy efficiency benefits are realised.

	Customer Rebate	System Extension Fund
Priority Group	£400	£300
Non Priority Group	£200	£150

*This level of rebate means statutory connections for priority group customers become free of charge.*

*Priority Group qualification: Those customers in receipt of benefits such as, Income Support, Disability Living Allowance, Housing Benefits; or receive tax credits; or are over 70 years old.*

The customer rebate and fund contribution are derived from the Fuel Switching Grant that our supply partner can provide in lieu of the energy savings created by the customer switching to gas, which is a more energy efficient way of heating their home. Great care is taken to ensure there is no double counting of the benefit between schemes and for that reason requests from local authorities and suppliers are presently excluded; as are those from the managing agents of the UK and Scottish Governments' central heating replacement schemes.

*“through partnership with SGN, it was possible to drive down the cost of gas installation by bringing in fuel-switching monies to subsidise the cost. This meant that around 450 tenants in three areas of the City could have gas heating installed. This has resulted in warm, dry homes that are economical to run for tenants.” Dundee City Council*

Operating through our existing connection process, the scheme is essentially focused on individual enquiries from the private sector; a sector of the community that is acknowledged as hard to reach in terms of providing energy efficiency measures.

## SMART Metering

We are committed to promoting and developing the SMART meter which brings control to the consumer and the supplier. Using SMART technology to capture real time energy information, the Supplier can always send accurate accounts to their customers with no further need for estimated accounts. The SMART meter can also be used to recover debt at a rate that the consumer can afford and as a “pay as you go” meter. Such facilities can help consumers avoid debt hardship. Being able to identify how much credit they have available at any one time allows the consumer to budget their energy use in a much more manageable manner without the threat of running up energy bills that they cannot afford to pay. SGN are working closely with Utilita who are providing the lowest priced dual fuel pre-payment SMART metering product (priced at direct debit levels) and are engaged with a number of meter manufacturers in product evaluation.

*“In order to make the “get smart” project work we needed an installer that was capable of making a dual fuel installation in a single visit. Utilita signed an agreement with SGN in 2007, and the first installations were in early 2008. Since then SGN has installed nearly 10,000 smart dual fuel meter sets. The intention is to expand the availability of “get smart” throughout the SGN footprint.” utilita*



## CERT (The Carbon Emissions Reduction Target 2008 – 2011)

CERT places an obligation on energy suppliers to meet government targets on carbon savings. Under CERT, energy suppliers must, by 2011, deliver measures that will provide overall lifetime carbon dioxide savings of 154m TCO<sub>2</sub> – equivalent to the emissions from 700,000 homes each year. Suppliers must focus 40 per cent of their activity on a 'Priority Group' of vulnerable and low-income households, including those in receipt of certain income/disability benefits and pensioners over 70. By increasing the energy efficiency of GB households, CERT will not only help households from falling into fuel poverty but is also expected to help alleviate fuel poverty. Our relationship with our supplier partner allows us to take advantage under CERT to support our fuel poor initiatives.

### Case Studies

The Energy Saving Trust (EST) has approached us to create case studies for registered social landlords as a demonstration of best practice and delivering system extension projects.

## Connections opportunities

Gas use within SGN Footprint		
	Scotland	Southern
% homes off grid	21%	12%
Estimated connections within or less than 2km from existing gas network	200,000	120,000

The above table illustrates connections opportunities within our two networks.

Approximately 500,000 homes in Scotland and 600,000 homes in Southern remain unconnected to mains gas. Proportionately however, almost twice as many homes in Scotland remain unconnected and with significantly less prevalence of social deprivation in our Southern network, the greater opportunity to make a real difference is in Scotland. We estimate some 320,000 homes across our networks could be connected. This is because they are already within a network area but have no supply or are part of a community that is in close proximity (less than 2km) from a suitable connection point.

## Testimonials

*"Our work together has over the years developed into a full partnership with trust in SGN's advice and strategic direction. SGN has been of great assistance to the Council in the implementation of actions and initiatives towards achieving the targets and outcomes in the Fuel Poverty Strategy, Scottish Housing Quality Standard Delivery Plan and the Local Housing Strategy. We are grateful to SGN who worked together with the Housing Service to deliver programmes to assist in eradicating fuel poverty."*

**Aberdeenshire Council**

*"The discounted costs using the innovative fuel switching schemes making the projects more affordable enabled us to proceed and give our tenants an alternative choice. Without this discounted costs we would not have been in a financial position to proceed."*

**Grampian Housing Association**

*"ES Pipelines Ltd has enjoyed a positive past relationship with Scotia Gas Networks, constructing natural gas networks to connect households residing outside the existing gas supply area. Working together in 2008 resulted in the successful construction of the South Lodge Estate in Invergordon, potentially connecting over 70 properties on behalf of a local Housing Association whose tenants had faced many difficulties in heating their homes by electricity"*

**East Surrey Pipelines Ltd.  
and Regeneration Directorate**

*"We hope the scheme will make a real difference to a lot of people's lives by being able to offer a cheaper fuel to those struggling with high costs, which should help them rise up out of fuel poverty"* **Arun District Council, West Sussex**